

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6886

BILL NUMBER: SB 262

NOTE PREPARED: Feb 2, 2004

BILL AMENDED: Feb 2, 2004

SUBJECT: Tuition Rates for State Universities.

FIRST AUTHOR: Sen. Kenley

FIRST SPONSOR:

BILL STATUS: 2nd Reading - 1st House

**FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL**

IMPACT: State

Summary of Legislation: (Amended) This bill provides that a state educational institution may increase the tuition and mandatory fees for a full-time undergraduate student who is an Indiana resident by not more than a percentage equal to the Higher Education Cost of Living Index , (established by the Commission for Higher Education) or 4%, which is greater, each year for four academic years (for four-year schools) or two academic years (for Ivy Tech and Vincennes) following the academic year in which the student officially accepts an offer of admission from the institution. It requires a state educational institution to set tuition and mandatory fees for the following academic year and notify the budget committee of the rates set before December 1 of each year. The bill allows a state educational institution to reset tuition and mandatory fees after the state biennial budget is adopted; however, the bill provides that a student who has already official accepted an offer of admission to the institution must be charged the tuition and fees in effect at the time of the acceptance, unless the reset tuition and fees are lower than those in effect at the time of the acceptance.

Effective Date: July 1, 2004.

Explanation of State Expenditures: (Revised) The Commission for Higher Education could incur some additional expenditures in defining what fees are mandatory and determining the Higher Education Cost of Living Index "HECLI . The index is developed using information developed by the Bureau of Labor Statistics. The expense would probably be minor and would be paid from their current appropriation.

Explanation of State Revenues: (Revised) The bill states that beginning with the 2005-06 academic year, the tuition charged and mandatory fees for an undergraduate student may not be increased by more than the greater of the percentage increase in the HECLI or 4% for the four consecutive academic years, two years for Ivy Tech State College and Vincennes University, following the academic year in which the student first enrolls. The bill allows college not later than 60 days after the enactment of the biennial budget to reset tuition

and mandatory fees for incoming freshmen. However, the bill limits the reset fees for incoming freshmen to the fees being charged at the time the individual acceptance.

The bill would reduce future revenue options or funding sources universities currently have available since they would not be able to increase tuition or mandatory fees by more than the increase in HECLI or 4% for returning students. The impact would depend on the action of the universities. The universities might offset the possible further revenue reduction by reducing expenditures, raising or inflating tuition and fees of incoming students to offset anticipated expenditure increases, or increasing revenue from nontuition sources. Nontuition sources could include grants, student fees, or donations.

Background Information: For the 2003-04 academic year, returning Indiana students had a 5% or less increase in tuition. The average increase in tuition and required fees for first-time entry Indiana students was 14%.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: State Universities; Commission on Higher Education.

Local Agencies Affected:

Information Sources: Postsecondary Education Tuition and Required Fees in Indiana:2003-04 by the Indiana Commission for Higher Education.

Fiscal Analyst: Chuck Mayfield, 317-232-4825.